

# COUNTY BULLETIN

## and Uniform Compliance Guidelines ISSUED BY THE STATE BOARD OF ACCOUNTS

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Volume No. 336

April 2002

### REMINDER OF ORDER OF BUSINESS

#### April

- 15           Members of Tax Adjustment Board to be appointed before this date to serve one year in counties that have not abolished such board. (IC 6-1.1-29-2) Abolishment of the board is IC 6-1.1-29-9.
- Last day to make pension report and payment for first quarter by counties participating in Public Employees' Retirement Fund.
- 16, 17, 18   State Board of Accounts called meeting for County Recorders - Indianapolis
- 20           Last day to report and make payment of balance of State and County Income Tax withheld in March to Indiana Department of Revenue.
- Last day to file quarterly unemployment compensation reports with Indiana Employment Security Division.
- 30           Prepare inventory of Loans to Common, Congressional, Permanent Endowment and Cemetery Trust Funds.
- Last day to file quarterly report of Federal withholdings tax with Director of Internal Revenue.

#### May

- 1           Last day for Township Trustee to report to County Auditor all unpaid claims, because of lack of funds, for losses caused by dogs. (IC 15-5-9-11)
- Prepare and send report of school funds to Auditor of State and make payment of principal and interest due to Treasurer of State on the Common and Permanent Endowment Funds, and pay the Treasurer of State all fines and forfeitures on hand April 30, 2002, as shown in this report. (IC 21-1-3-7)

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**REMINDER OF ORDER OF BUSINESS**  
(Continued)

**May - (Continued)**

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|------------|--|
| 1          | Prepare report of school funds (Form No. 6) and present the report to the Board of Commissioners for approval. After approval, mail one copy to the State Department of Education, 229 State House, and one copy to the Auditor of State, 240 State House. |
| 7          | Primary Election Day – Legal Holiday (IC 1-1-9-1)  |
| 10         | Last day for filing applications for tax deductions to obtain deduction on 2002 payable 2003 taxes. (IC 6-1.1-12-2)<br><br>First installment of property taxes due. (IC 6-1.1-22-9)  |
| 13         | Last day to make report to Auditor of State of all unpaid claims against the dog fund not covered by distributions to townships in March 2002. (IC 15-5-9-11) (Second Monday in May)   |
| 15         | On or before May 15 is the last regular day for filing applications for tax exemption by Churches, Educational and Charitable organizations. (IC 6-1.1-11-3)<br><br>Period for normal filing of personal property schedules ends. (IC 6-1.1-1-7)           |
| 20         | Last day to report and make payment of State and County Income Tax withheld in April to Indiana Department of Revenue.   |
| 27         | Memorial Day - Legal Holiday (IC 1-1-9-1)  |
| 29, 30, 31 | State Board of Accounts called meeting for County Auditors - Evansville  |

**June**

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|---|--|
| 1 | On or before this date County Treasurer shall search the records to ascertain if person so certified is delinquent in payment of Property Taxes and certify to Auditor of State and state agencies the names of state employees owing delinquent taxes. (IC 6-1.1-22-16) |
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REMINDER OF ORDER OF BUSINESS  
(Continued)

**June - (Continued)**

- 1 County Auditor to prepare a list of persons owing delinquent taxes and believed to have money due from Auditor of State, Indiana Department of Transportation or any state institution or state school and furnish the list to those agencies on or before June 1.
- Last day township assessors shall deliver to the county assessor a list which states by taxing district the total of the personal property assessments as shown on the personal property returns filed with the assessor on or before the filing date of that year.
- 11, 12, 13 State Board of Accounts called meeting for Clerk of the Circuit Courts - Indianapolis
- 15 On or before June 15 the County Auditor is to give notice to tax exempt organizations which failed to file an application for exemption of property tax for which an exemption was effective for the previous year. (IC 6-1.1-11-5)
- 20 Last day to report and make payment of State and County Income tax withheld in May to Indiana Department of Revenue.
- On or before this date complete settlement and distribution of taxes collected by the County Treasurer since the last settlement. Prepare settlement sheet to be submitted to Auditor of State for approval and make distribution of funds due local governmental units and the Treasurer of State by June 30. (IC 6-1.1-27-3)
- 30 County Treasurer to certify list of real property eligible for tax sale to County Auditor on or before July 1.

**EXPENSES FOR ATTENDANCE AT PURDUE ROAD SCHOOL**

Expenses of county officials for attending the Purdue Road School are covered by the following statutes:

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County Highway Supervisor

IC 8-17-3-10 states, “....The expenses of the county highway supervisor, including the actual expenses of transportation to and from the school, together with the expense of lodging and tuition, shall be paid from the county highway maintenance fund....”

Board of County Commissioners

IC 8-17-7-7 states, “ Each member of the county executive shall attend any school or course conducted for local officials under IC 8-23-9-56. The fiscal body of each county may appropriate sufficient funds to pay each member of the county executive a per diem for expenses for each day or part of a day the member is in attendance at any school or course conducted for local officials under IC 8-23-9-56, and to pay the member a sum for mileage at a rate determined by the county fiscal body for each mile traveled to attend the school.

Other County Personnel

IC 36-9-8 permits the county surveyor or county engineer, and any other person authorized by the county commissioners to attend the annual road school and provides that their expenses including mileage, lodging and tuition to be paid from the county general fund. These expenses must be documented with proper receipts and approved by the board of commissioners before the county auditor can issue a warrant.

Mileage shall be at the rate per mile as approved by the county fiscal body for those authorized county officials and employees who used their personal conveyances in traveling to and from the road school.

All claims for reimbursement must be itemized and documented with paid receipts.

**LOANS BETWEEN FUNDS**

The authority for such loans is found in IC 36-1-8-4 which states, “....The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.

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**LOANS BETWEEN FUNDS (Continued)**

- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) Except as provided in IC 36-1-8-4(b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
- (5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred..."

If the fiscal body of the political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the State Board of Accounts and the State Board of Tax Commissioners.

Since the county auditor keeps the funds ledger we feel it would be appropriate for the county auditor to initiate such loans.

Upon adoption of the ordinance or resolution by the county council the auditor is authorized to make such a loan.

**CREDIT CARDS – SERVICE CHARGE**

The State Board of Accounts has received questions regarding an oil company proposing to charge a monthly fee for processing applicable federal and state taxes on gasoline purchased.

The audit position of this department is that a governing board of a governmental unit may provide credit cards for purchasing by its employees if it wishes to do so; however, we know of no authority for the county to pay a service or interest charge for its use or an application fee to obtain the card.

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**CREDIT CARD – SERVICE CHARGE (Continued)**

However, since the municipality would be receiving a service for this charge, the State Board of Accounts would not take an audit exception to you paying this charge if prior approval is granted by the county attorney and other appropriate local officials.

**SUPPLEMENTAL JUVENILE PROBATION SERVICES FUND**

IC 31-40-2-1 authorized the establishment of a Supplemental Juvenile Probation Services Fund to be funded by a probation user's fee established by the courts.

If the court establishes such a fee the money will be collected by the probation department and transferred monthly to the county treasurer. The county auditor will quietus these amounts into the Supplemental Juvenile Probation Services Fund.

The county council shall appropriate this fund for the benefit of the juvenile courts of the county and it may be used only for supplementing probation services and for salary increases for probation officers in accordance with IC 31-31-5. Any unexpected balance remaining in this fund at the end of the year does not revert to any other fund. The fund may not be used to replace other funding services.

**SUPPLEMENTAL ADULT PROBATION SERVICES FUND**

IC 35-38-2-1 requires a probation user's fee to be paid when a person is convicted of a felony and permits a probation users fee to be paid when a person is convicted of a misdemeanor.

These probation user's fees will be collected by the probation department and transferred monthly to the county treasurer. The county auditor will quietus these amounts into the Supplemental Adult Probation Services Fund.

The county council shall appropriate this fund only for the benefit of the courts of the county and it may be used only to supplement probation services and to increase salaries for probation officers. Any unexpended balance remaining in this fund at the end of the year does not revert to any other fund. The fund may not be used to replace other funding of probation services.

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**SPECIAL PROSECUTOR**

IC 33-14-1-6 provides for the appointment of a special prosecutor by the circuit or superior court judge.

If the special prosecutor is not regularly employed as a full-time prosecuting attorney or full-time deputy prosecuting attorney, the compensation for his services:

(1) shall be paid to the special prosecutor from the unappropriated funds of the appointing county; and

(2) shall not exceed a per diem equal to the regular salary of the full-time prosecuting attorney of the appointing circuit, and the travel expenses, and reasonable accommodation expenses actually incurred.

If the special prosecutor is regularly employed as a full-time prosecuting attorney or deputy prosecuting attorney, the compensation for his services:

(1) shall be paid out of the appointing county's unappropriated fund to the treasurer of the county in which he regular serves; and

(2) must include a per diem equal to the regular salary of a full-time prosecuting attorney of the appointing circuit, travel expenses, and reasonable accommodation expenses actually incurred.

**LEVY EXCESS FUND**

IC 6-1.1-19-1.7 and 6-1.1-18.5-17 require that a local taxing unit shall establish a "Levy Excess Fund" and shall receipt that portion of the property taxes received which exceeds one hundred two percent (102%) of the taxing unit's ad valorem property tax levy to the "Levy Excess Fund."

Each year the State Board of Tax Commissioners will certify to each unit of local government figures which show one hundred two percent (102%) of the tax levy for each fund, and, if the property taxes received exceed one hundred two percent (102%) of the levy, the excess shall be receipted to the "Levy Excess Fund."

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**LEVY EXCESS FUND (Continued)**

The statute provides that the State Board of Tax Commissioners may require a taxing unit to include the amount in its Levy Excess Fund in the taxing unit's budget. After the budget has been approved, the amount in the Levy Excess Fund should be transferred from the Levy Excess Fund by warrant (check) and quietus (receipt) to the fund or funds in which the reductions were made to reduce the amount to be raised by taxation.

**2002 SOCIAL SECURITY WAGE BASE TO INCREASE**

The maximum earnings subject to the social security tax and Medicare will increase for 2002 as shown in the following schedule:

Maximum earnings subject to Social Security	\$ 84,900
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FICA tax rates will remain at current levels which are:

Social Security Rate	6.20 %
Medicare Rate	<u>1.45 %</u>

Total Withholding Rate	7.65 %
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The Internal Revenue Service hot-line for questions on reporting Social Security Wages is 800-829-1040.

**MINIMUM TAX BILLS**

IC 6-1.1-22-9 states; "Notwithstanding any other law, a property tax liability of less than \$5 is increased to \$5. The difference between the actual liability and the \$5 amount is a statement processing charge."

It is our audit position that the \$5 is \$5 per year (\$2.50 per installment) and not \$5 per installment.

If a person has a veteran's deduction that reduces their tax liability to zero, DO NOT CHARGE THE \$5 MINIMUM TAX BILL. This also applies to churches, cemeteries, fraternal organizations and not for profit organizations that have exemptions that reduce their tax liability to zero.



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**MINIMUM TAX BILLS (Continued)**

The statement processing fee becomes a part of the collections and it is not necessary to keep a separate accounting of the amounts collected for statement processing fees.

Since the statement processing fee is a part of the total tax liability, the same penalties for delinquencies apply to this fee as apply to property taxes.

The \$5 minimum tax bill does not apply to conservancy district taxes and other special assessments (i.e. Barrett Law, Line Fence, Delinquent Dog Tax, Weed Cutting Assessments, etc.).

However, since the taxes on lands classified as forest reserve are real estate taxes, the \$5 minimum tax bill does apply to taxes on lands classified as forest reserve.

**MANDATE OF FUNDS**

Trial Rule 60.5 states,

(A) Scope of Mandate. Courts shall limit their requests for funds to those which are reasonably necessary for the operation of the court or court-related functions. Mandate will not lie for extravagant, arbitrary or unwanted expenditures nor for personal expenditures (e.g., personal telephone bills, bar association memberships, disciplinary fees).

Prior to using the order, the court shall meet with the mandated party to demonstrate the need for said funds.

(B) Procedure Whenever a court, except the Supreme Court or the Court of Appeals, desires to order either a municipality, a political subdivision of the state, or an officer of either to appropriate or to pay unappropriated funds for the operation of the court or court-related functions, such court shall issue and cause to be served upon such municipality, political subdivision or officer an order to show cause why such appropriation or payment should not be made. Such order to show cause shall be captioned "Order to Mandate of Funds". The matter shall be set for trial on the merits of such order to show cause unless the legislative body, the chief executive officer or the affected officer files a waiver in writing of such a trial and agrees to make such appropriation or payment.

The trial shall be without a jury, before a special judge of the court that made the order. There shall be no change of venue from the county or from the special judge appointed by the Supreme Court.

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**MANDATE OF FUNDS (Continued)**

The court shall promptly notify the Supreme Court of the entry of such order to show cause and the Supreme Court shall then appoint a judge or attorney to act as special judge. Such appointed shall be made from a panel of experienced and qualified judges and former judges maintained by the Court. The special judge shall not reside in the county in which the petition is to be tried nor in a county bordering on such county. If appointed judge fails to qualify within seven (7) days after he has received notice of his appointment, the Supreme Court shall follow the same procedure until an appointed judge does properly qualify.

Unless expressly waived by the respondent in writing within two (2) days after the entering of the trial judge's decree, a decree or order mandating the payment of the funds for the operation of the court or court-related functions shall be automatically reviewed by the Supreme Court. Promptly on expiration of such two (2) day's period, the trial judge shall certify such decree together with either a stipulation of facts or an electronic transcription of the evidence to the Supreme Court. No motion to correct error nor notice of appeal shall be filed.

No mandate order for appropriation or payment of funds made by any court other than the Supreme Court of Court of Appeals shall be effective unless it is entered after trial as herein provided and until the order has been reviewed by the Supreme Court or such review is expressly waived as herein provided.

**ASSIGNMENT OF WAGES**

Any assignment of the wages of an employee is valid only if all of the following conditions are satisfied in accordance with IC 22-2-6:

1. The assignment is:
  - A. in writing;
  - B. signed by the employee personally;
  - C. by its terms revocable at any time by the employee upon written notice to the employer; and
  - D. agreed to in writing by the employer.
2. An executed copy of the assignment is delivered to the employer within ten (10) days after its execution.

Some of the purposes for which paying a wage assignment may be made include the following:

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**ASSIGNMENT OF WAGES (Continued)**

- (1) Premium on a policy of insurance obtained for the employee by the employer.
- (2) Pledge or contribution of the employee to a charitable or nonprofit organization.
- (3) Purchase price of bonds or securities, issued or guaranteed by the United States.
- (4) Purchase price of shares of stock, or fractional interests therein, of the employing company, or of a company owning the majority of the issued and outstanding stock of the employing company, whether purchased from such company, in the open market or otherwise. However if such shares are to be purchased on installments pursuant to a written purchase agreement, the employee has the right under the purchase agreement at anytime before completing purchase of such shares to cancel said agreement and to have repaid promptly the amount of all installment payments which theretofore have been made.
- (5) Dues to become owing by the employee to a labor organization of which the employee is a member.
- (6) Purchase price of merchandise sold by the employer to the employee, at the written request of the employee.
- (7) Amount of a loan made to the employee by the employer and evidenced by a written instrument executed by the employee subject to the amount limits set forth in section 4(c) of this chapter.
- (8) Contributions, assessments, or dues of the employee to a hospital service or a surgical or medical expense plan or to an employees' association, trust, or plan existing for the purpose of paying pensions or other benefits to said employee or to others designated by the employee.
- (9) Payment to any credit union, nonprofit organizations, or associations of employees of such employer organized under any law of this state or of the United States.
- (10) Payment to any person or organization regulated under the Uniform Consumer Credit Code (IC 24-4.5) for deposit or credit to the employee's account by electronic transfer or as otherwise designated by the employee.
- (11) Premiums on policies of insurance and annuities purchased by the employee on the employee's life.
- (12) The purchase price of shares or fractional interest in shares in one (1) or more mutual funds.
- (13) A judgment owed by the employee if the payment:
  - (A) is made in accordance with an agreement between the employee and the creditor; and
  - (B) is not a garnishment under IC 34-25-3.

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**IMPORTANT INTERNET ADDRESSES**

State Board of Accounts Homepage:	<a href="http://www.in.gov/sboa">http://www.in.gov/sboa</a>
Tammy White:	<a href="mailto:twhite@sboa.state.in.us">twhite@sboa.state.in.us</a>
Bruce Hartman:	<a href="mailto:bhartman@sboa.state.in.us">bhartman@sboa.state.in.us</a>
Approved Depository List:	<a href="http://www.in.gov/deposit/">http://www.in.gov/deposit/</a>
Social Security Administration:	<a href="http://www.ssa.gov/slge/">http://www.ssa.gov/slge/</a>
Public Employees' Retirement Fund:	<a href="http://www.in.gov/perf/">http://www.in.gov/perf/</a>
U. S. Department of Labor:	<a href="http://www.dol.gov">http://www.dol.gov</a>
Internal Revenue Service:	<a href="http://www.irs.gov">http://www.irs.gov</a>

**TRUST ITEMS – COUNTY COURTS (Effective January 1, 2002)**

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-9-8. They should not be allowed to accumulate beyond the five year anniversary date of issue.

**OLD OUTSTANDING CHECKS NOT RETURNED – COUNTY COURTS**  
**(Effective January 1, 2002)**

In order to eliminate old outstanding checks from the records, the court should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. Enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust funds.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register, the original check numbers will be eliminated as outstanding in the next reconciliation with the bank.

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**OLD OUTSTANDING CHECKS NOT RETURNED – COUNTY COURTS**  
**(Effective January 1, 2002)**

4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust. If the checks are not five years old they should be held until the five year period has elapsed.

The entry in the cash book should be:

“Old Outstanding Check No. \_\_\_\_ issued \_\_\_\_ (date) \_\_\_\_, to \_\_\_\_ (Name) \_\_\_\_\_,”  
and extend the amounts to the total and trust fund columns.

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**AMOUNTS AUTHORIZED TO BE RECEIVED BY SHERIFFS FOR BOARD OF PRISONERS**

By authority of IC 36-8-10-7, I Charles Johnson, III, CPA, State Examiner of the State Board of Accounts, do hereby fix the exact amount per meal which the sheriff of each county in the State of Indiana, having population of less than 250,000 according to the last preceding United States census, shall be entitled to receive for feeding prisoners legally in his charge, including Federal prisoners, for a period of one year, beginning April 15, 2002. Amounts received by the sheriff from the Federal government for board and care of Federal prisoners shall be paid into the County General Fund.

In determining and fixing the amount per meal, the use of wholesome food in quantities and varieties necessary for the preservation of the health of the prisoners is contemplated. All expenses related to preparing the serving meals, except for the costs of food, shall be borne by the county.

The amounts fixed are for meals actually served such prisoners during each respective month. Not more than three meals at county expense are to be served to any one prisoner in any one day.

The term "month" shall mean a period of time beginning April 15, 2002 and thereafter ending on the fourteenth (14<sup>th</sup>) day of each succeeding month. Claims for meals for the month beginning December 15 will be paid from the appropriation for the succeeding year.

For number of meals served during a period of one month, per meal:

In counties having a population of less than 20,000. ....	\$1.82
In counties having a population of 21,000 to 40,000. ....	\$1.76
In counties having a population of 41,001 to 41,499. ....	\$1.68
In counties having a population of 41,500 to 65,500. ....	\$1.49
In counties having a population of 65,501 to 100,000. ....	\$1.25
In counties having a population of 100,001 to 200,000. ....	\$1.14
In counties having a population of 200,001 or over. ....	\$1.07

The following counties will not be allowed the amounts authorized above:

Allen	Lake	Marion	Vanderburgh
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Charles Johnson, III, CPA  
State Examiner

Dates this 15<sup>th</sup> day of April, 2002  
BAH/TRW/db